



Business Advisory Council

Meeting Minutes
March 28, 2012, 9:30 a.m. – 11:30 a.m.
Liquor Control Board
Headquarters Office
3000 Pacific Avenue SE
Olympia, WA 98501

Business Advisory Council Members in Attendance:

<p>Council Members: (Refer to sign-in sheet)</p>	<p>Liquor Control Board: Sharon Foster, Board Chair Ruthann Kurose, Board Member Chris Marr, Board Member Pat Kohler, Administrative Director Rick Garza, Deputy Director Pat McLaughlin, Business Enterprise Director Alan Rathbun, Licensing Director Justin Nordhorn, Enforcement Director Karen McCall, Director's Office Judy Layne, Finance Division Samantha Trotter, Board Office</p>
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Welcome and Introductions

Chris Marr, Board Member and BAC Liaison

Chris Marr, Board Member of the Liquor Control Board and BAC Liaison welcomed the members of the Business Advisory Council (BAC) and other guests. Approximately seven attendees participated via conference call.

I-1183 Implementation Updates: Legislative and Rulemaking

Rick Garza, Deputy Administrative Director

Karen McCall, Rules Coordinator

Rick provided a handout titled I-1183 Legal Challenges (attached), outlining the two court cases filed with respect to Initiative 1183. He provided an update on the Cowlitz county case: on March 2 the judge issued a written ruling that essentially validates Initiative 1183 with the exception of one section. The judge ruled that section 302 addresses a subject unrelated to the subject of the initiative. The judge asked both sides to return to court on March 19, 2012, to argue whether Section 302 should be severed or whether it negates the entire initiative.

On March 19, based on motions for reconsideration by the state, the judge essentially reconsidered his original position and stated that he now believes all of Initiative 1183 is valid. The plaintiffs are appealing to the State Supreme Court, which has set an expedited schedule for briefing and oral argument, which is set for May 17, 2012.

Karen McCall provided an overview of the contingency plan for rulemaking (see handout), noting specific WAC chapters to be updated and the associated sections of I-1183 requiring the updates.

Note: At the April 18, 2012 Board meeting a new CR 102 was approved by the Board and a public hearing is now scheduled for May 24, 2012. Additionally, new emergency rules were filed on April 4, 2012, with an effective date of April 8, 2012 and expiration date of August 8, 2012.

I-1183 Implementation Updates: Licensing

Alan Rathbun, Licensing Director

Alan gave an update on the number of new license and endorsement applications received by the Licensing Division. At the time of the meeting, 63 Spirits Distributor License applications were received and 43 were issued; 483 Wine Retailer/Reseller applications were received, 31 were issued; 1,266 Spirits Retailer License applications were submitted and 29 issued; 16 Retail Warehouse Registrations were received with 14 issued; 36 Non-Retail Spirits Certificate of Approval (COA) applications were received and 31 issued; 42 COA applications for Authorized Representatives of U.S. Product were received, 37 issued; 83 COA applications for Authorized Representatives of Foreign Product were received and 75 issued; and 8 applications for Spirits Importers had been received with one issued. All pending and approved applications are listed on the Liquor Board website (www.liq.wa.gov).

I-1183 Implementation Updates: Business Enterprise

Pat McLaughlin, Business Enterprise Director

Pat provided an update on the Business Enterprise Division. Per Pat, it is still the intent for state stores to operate through May 31st. For contract stores, approximately 90% of contract managers have reported that they plan to stay in business beyond June 1st. As of the date of the meeting four contract stores had already ceased operations. Pat noted that pre-audit activity had started, to assist with a smooth transition into the new business model. Much of the beer and wine product currently in stores is being discounted for sell-through, as only 22 skus of those products were covered by Buy Back Agreements. Per Pat, spirits will be offered through May 31st. Layoff letters for the over 1,000 affected employees have been distributed.

Pat touched on the state liquor store auction, which began March 8th and closes April 20th. A lot of bidder activity has occurred, with 160 individual registered bidders and 10 all-system bidders. As of the date of the meeting, the all-system bid topped out at \$551,000 and the sum of all individual store bids exceeded \$1,000,000. The Liquor Board's directive, as noted in I-1183, is to maximize the revenue to the State. For more information visit:

<http://www.liq.wa.gov/retail/auctions>.

I-1183 Implementation Updates: Business Enterprise

Judy Layne, Finance Division

Judy, from the Liquor Board's Beer and Wine Tax/Fee unit, provided attendees with sample draft forms for Washington Spirit Retail Sales Summary Fee reporting (see handout). She noted that while the Spirit Retail form has not been finalized, reporting will be available for stakeholders online. Judy welcomed feedback from attendees, and encouraged them to email the Beer and Wine Tax/Fee unit at beerwinetaxes@liq.wa.gov.

City of Seattle Nightlife Petition

Rick Garza, Deputy Administrative Director

Rick provided the group with a fact sheet (see handout) regarding the City of Seattle Nightlife Petition and subsequent statewide hearings taking place. The Board intends to obtain input from local communities on whether they are receptive to rulemaking that would allow jurisdictions to petition the Board for extended alcohol service hours. Current rules prohibit on-premise sales between the hours of 2 a.m. and 6 a.m. The Liquor Board will make its decision on whether or not to open rulemaking on this topic in May.

BAC Member Roundtable and Q&A

All Attendees

No questions were posed during the Roundtable and Q&A.

Meeting adjourned at 10:43 a.m.

Handouts:

1. I-1183 Legal Challenges
2. I-1183 Contingency Plan for Rulemaking
3. Washington Spirit Retailer Sales Summary Fee Report
4. City of Seattle Request for Extended Hours of Alcohol Service Fact Sheet